

Betsi Cadwaladr University Health Board – Annual Audit Summary 2025

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Foreword



Adrian Crompton

Auditor General for
Wales

I am pleased to share my Annual Audit Summary for Betsi Cadwaladr University Health Board. It summarises the main findings from my 2025 audit work undertaken to fulfil my responsibilities under the Public Audit (Wales) Act 2004 and the Well-Being of Future Generations (Wales) Act 2015.

I provided opinions on whether the accounts were properly prepared and gave a true and fair view, in all material aspects, and whether expenditure and income have been used for the purposes intended and in accordance with the authorities which govern you.

My audit team has also assessed whether the Health Board has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and acted in line with the sustainable development principle. In doing so, my audit team has undertaken my annual structured assessment work and reviewed planned care services and urgent and emergency care services. As set out in my audit plan, these reviews have been carried out in line with the [International Organisation of Supreme Audit Institutions \(INTOSAI\) standards](#).

At the time of publishing this summary, the Health Board was escalated to Level 5 under the [Welsh Government's escalation and intervention arrangements](#).

The detailed audit findings for each of my reviews are set out in the respective reports which my audit team have presented to the Audit Committee throughout the year. The performance audit reports are available on the [Audit Wales website](#) and further links are available in the summary.

The Annual Audit Summary should be shared with the Board. I will then make the summary available to the public on the [Audit Wales website](#).

I would like to extend my gratitude to the Health Board's staff for their help and cooperation throughout my audit.

Your audit at a glance



I received the draft accounts in line with the statutory deadline of 2 May. The quality of the draft accounts and working papers was satisfactory.



In advance of the statutory deadline of 30 June 2025, I issued an unqualified true and fair opinion, and a qualified regularity opinion. I also issued a substantive report on the accounts. There were uncorrected misstatements in the accounts. There were also other significant issues to report including the need to address weaknesses in governance arrangements for senior officer appointments and inconsistencies in the recording and publication of declarations of interest.

My performance audit work found that Board and its Committees are operating effectively, and improvements are being made to corporate governance arrangements. However, executive leadership arrangements are still not working optimally and. I remain concerned about the continued absence of a clinical services plan.



Delivering the Foundations for the Future programme is going to be crucial in securing the improvements which are needed in the operating model and associated accountabilities. However, implementation timescales are challenging and will require executive ownership and wider staff buy in.

Despite strengthened financial oversight, the Health Board was forecasting a £17.4 million year-end deficit. My work has also identified the need for securing more timely issue of accountability agreements to budget holders and sign up to those agreements.

Significant service delivery challenges remain especially in planned and unscheduled care services, which will require continued and urgent focus to address.



My audit team made several recommendations to the Health Board which focus on strengthening leadership and some aspects of operational governance. Themes of wider recommendations included strengthening planning and associated service changes and better monitoring of additional Welsh Government funding.



There is still some work outstanding from my Audit Plan dated April 2025. My team expects to complete this work by the end of summer 2026.

Audit of accounts findings

Preparing annual accounts is an essential part of demonstrating the stewardship of public money. The accounts show the organisation's financial performance and set out its net assets, net operating costs, gains and losses, and cash flows. My annual audit of those accounts provides opinions on whether the accounts are properly prepared and give a true and fair view, in all material aspects, and the proper use ('regularity') of public monies.

My responsibilities in auditing the accounts are described in my [Statement of Responsibilities](#) publications, which are available on the [Audit Wales website](#).

The draft accounts were presented for audit on 2 May 2025. This was in line with the deadline of 2 May 2025 set by the Welsh Government. The quality of the draft accounts presented for audit was generally satisfactory.

My audit opinions

I must report issues arising from my work to those charged with governance for consideration before I issue my audit opinion on the accounts. I reported these issues within my Audit of Accounts Report to the Audit Committee on 24 June 2025.

True and fair

A number of changes were made to the draft accounts arising from my audit work.

There were uncorrected misstatements following the audit which were due to insufficient evidence supporting capital additions recorded in March 2025. As a result, 'Assets Under Construction' (AUC) were overstated by £3.54 million, 'Other Prepayments' were understated by £2.41 million, and 'Capital Payables' were overstated by £1.14 million. At the conclusion of our work, uncertainty remained over additions recognised in the accounts, with a balance of £17.01 million remaining untested. When combined with the total identified errors, the maximum potential misstatement was £20.55 million. This value was below the audit materiality threshold, and, therefore, I was able to conclude that the accounts were not materially

misstated for this issue. The Capital Resource Allocation underspend in Note 2.2 was also understated by a corresponding amount.

I reported the following significant issues:

- Governance arrangements of senior officer appointments - audit work across 2022-23 to 2024-25 identified weaknesses in governance over senior officer appointments, including a contract discrepancy in 2024-25 for the Director of Corporate Governance, where contractual salary terms did not align with Remuneration Committee approvals. This highlighted the need for stronger controls and oversight in the preparation and review of senior staff contracts.
- Recording of declarations of interests – the 2024-25 declarations of interest process was undermined by inconsistent submission methods, missing signatures and dates, completion of forms by Corporate Governance staff on behalf of Board Members, discrepancies between submitted and published declarations, and multiple or conflicting declarations of interest, all of which required additional verification and correction.

I reported other matters as follows:

- Verifying and evidencing the receipt of capital equipment – the Health Board struggled to evidence the receipt of capital equipment, often needing to contact suppliers during the audit, and was unable to substantiate £3.54 million of additions in March 2025, with a further £17.01 million remaining untested. This highlighted the need for the Health Board to strengthen documentation and evidence retention processes for equipment purchases.
- Timing of Capital Projects and Expenditure – around £31 million (60%) of capital expenditure was recognised in March 2025, requiring substantial additional audit testing to verify year-end cut-off. This placed significant pressure on both audit and finance teams, particularly given the wider lack of supporting documentation for goods received, resulting in delays and increased audit work.
- Pharmacy journals – review of 2024–25 pharmacy expenditure found numerous complex journal entries used to allocate costs and adjust prior accruals. As the Health Board does not operate a formal journal

approval process, there was an increased risk that errors or misstatements may occur and remain undetected.

- Compliance with Interim Appointment Guidance – Welsh NHS guidance issued in August 2024 required Welsh Government approval for all interim senior officer appointments. The Health Board did not obtain approval for a one-month extension of the Interim Chief Operating Officer’s appointment, highlighting the need to strengthen internal controls to ensure full compliance with evolving governance requirements.
- Care home accommodation pooled budgets – the Health Board breached Regulation 19(1)(a) of the Partnership Arrangements (Wales) Regulations 2015 and its own partnership agreement by failing to make any payments to the North Wales Older People’s Accommodation Pooled Budget during the year, meaning the pooled fund was not operational as required.

I concluded that the Health Board’s accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them.

Regularity

The Health Board is only allowed to receive income and incur expenditure in ways that follow the rules set by the authorities that govern it.

Further, where a Health Board does not achieve financial balance, its expenditure exceeds its powers to spend and so I must qualify my regularity opinion.

The Health Board did not achieve financial balance for the three-year period ending 31 March 2025, which I deem to be outside its powers to spend, so I issued a qualified opinion on the regularity of the financial transactions within the Health Board’s 2024-25 accounts. The Health Board did not manage its revenue expenditure within its resource allocation over the three-year period 2022-23 to 2024-25, exceeding its cumulative revenue resource limit of £6,483 million by £31.5 million.

Alongside my audit opinion, I placed a substantive report on the Health Board’s accounts to highlight the failure to achieve financial balance and the failure to have an approved three-year plan in place.

Whole of Government Accounts

I also undertook a review of the Whole of Government Accounts return. I concluded that the counterparty consolidation information was consistent with the Health Board's financial position at 31 March 2025 and the return was prepared in accordance with the Treasury's instructions.

Performance audit findings

Structured assessment

My team looked at how well the Health Board is governed and whether it makes the best use of its resources. I found that the Board and its committees are operating effectively with open discussion and effective challenge. However, executive leadership arrangements are causing some concern. Despite there being a largely substantive Executive Team in place, the Chief Executive is still being drawn too extensively into operational issues and specific programme leadership. There is also a need to ensure executive portfolios support more collective organisational leadership by the Executive Team rather than this being vested in just a few individuals.

The Health Board's current operating model is recognised as not being fit for purpose. Much stronger and clearer accountabilities for performance are needed given the significant service delivery challenges being faced by the organisation. The Foundations for the Future programme that aims to introduce a new operating model is a necessary and appropriately ambitious initiative. However, its implementation is taking longer than originally planned. The revised implementation date of April 2026 looks very challenging given that limited and high-level information on the model has been shared with the Board. The model will also require an extensive internal consultation exercise before it can be rolled out.

The Health Board is focusing strongly on the achievement of its statutory financial requirements. It is encouraging that it was able to submit a financially balanced medium-term plan, although the plan was not approvable due to a lack of detail on delivery approaches. A focus on longer-term financial sustainability is still needed, although this is being impeded by the continued absence of a clinical services plan.

There is good oversight of financial performance, but the Health Board is forecasting a year-end deficit position of £17.4 million as of month ten. It is also of significant concern that a number of accountability agreements for 2025-26 were signed very late into the 2025-26 financial year, including by several budget holders in the Executive Team

I made nine recommendations to the Health Board within the following areas:

- increasing transparency within board business;
- strengthening lines of assurance to board committees;
- strengthening resilience within the Executive Team;
- ensuring financial controls are well-understood, clearly articulated and agreed; and
- ensuring sufficient programme management capacity for its review of operating structures.

Managing planned care

My team looked at the progress the Health Board is making in tackling its planned care challenges and reducing its waiting list backlog.

I found that despite some improvements, there are still significant numbers of long patient waits indicating that further sustained action by the Health Board is going to be needed to secure the required improvements. My reporting also highlighted the need to improve service efficiency, develop sustainable planned care improvements to meet growing demand, and strengthen reporting of harm that occurs as a result of delays in elective treatment.

I made six recommendations focused on:

- better understanding and forecasting capacity and demand;
- planning services to meet current and future demand;
- strengthening programme governance;
- strengthening clinical leadership in the planned care programme;
- ensuring planned care risks are effectively managed; and
- monitoring of the impact that additional planned care recovery funding is having.

Managing urgent and emergency demand

My team looked at how well the Health Board is managing demand for urgent and emergency care to reduce unnecessary pressure on the system.

I found that whilst plans for managing urgent and emergency care demand continue to develop, performance remains extremely challenging and arrangements for managing risks, demonstrating the use of additional funding and patient and staff engagement need strengthening.

I made 15 recommendations focused on:

- planning;
- maximising information on and the use of urgent and emergency services outside of the Emergency Department; and
- monitoring of additional funding.

Performance audit work still underway

At the time of reporting, the following reviews from the 2025 Audit Plan were still underway at the Health Board:

- follow-up review of quality governance;
- review of use of Welsh Government strategic financial allocation 2020-26;
- review of digital transformation;
- review of estates management; and
- review of cancer services.

Audit quality

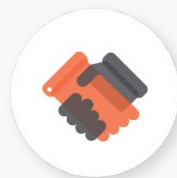
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We use three lines of assurance to show how we achieve this. We have set up an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants in England and Wales and our Chair of the Board, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2024](#).



Our People

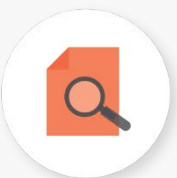
- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality

Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
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